



U.S.-Korea Trade Agreement

What's At Stake for Poultry and Eggs?

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The U.S.-Korea Trade Agreement (KORUS agreement) will provide America's farmers, ranchers, food processors, and the businesses they support with improved access to the Republic of Korea's \$1 trillion economy and 49 million consumers. Under the agreement, nearly two-thirds of current U.S. agricultural exports will become duty free immediately and lower tariffs will benefit both U.S. suppliers and Korean consumers.

The KORUS agreement will help the United States compete against Korea's other major agriculture suppliers and keep the United States on a level playing field with Korea's current and future free trade partners. Korea finalized its trade agreement with the European Union (EU) in October 2009 and presently has trade agreements in place with Chile, India, and the 10-country ASEAN group. In addition, the country is negotiating new trade agreements with Canada, Australia, New Zealand, and China. Most of these countries are U.S. competitors.

If the United States fails to implement the KORUS agreement, it will likely see its share of Korea's total agricultural imports, which stood at nearly 30 percent in 2009, steadily erode.

With the Agreement ...

Under the KORUS agreement, Korea's 20-percent tariffs on imports in the dominant frozen leg quarter import category will be phased out in 10 equal annual reductions, while tariffs on frozen breasts and wings will be phased out in 12 equal annual reductions. The 18-percent tariff on frozen turkey cuts will be phased out in seven equal annual reductions. Korean tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

The Trade Situation ...

Korea's most significant poultry meat imports are frozen chicken cuts, such as legs and wings, followed by frozen turkey cuts such as legs and wings. The United States is the leading supplier, with an average market share of 53 percent, followed by Brazil and the European Union.

Korea is also an important market for U.S. frozen leg quarters and legs. From 2007 through 2009, U.S. exports of these two cuts to Korea averaged \$35 million annually and 48 percent of the market. In 2009, the U.S. captured 100 percent of the \$3.7 million frozen turkey parts market.

From 2007 to 2009, the United States was the leading supplier of eggs and egg products to Korea, with exports averaging \$2.7 million annually and an average market share of 30 percent. During this period, Korea was the fifth largest market for U.S. egg yolks with exports averaging \$1.7 million annually and 76 percent market share.

The Current Market Access Situation ...

U.S. leg quarters face applied tariffs as high as 18 percent, and the World Trade Organization permits (bound) duties as high as 20 percent. Korea's current tariffs for poultry and egg products range from 18 to 42 percent.

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